

Boost economic and housing security by giving direct financial assistance to the people who need it most.

Make administrative changes to deliver state tax credits on a monthly basis, and boost the power of existing financial assistance, laying the groundwork for a future guaranteed income.

Scale of Impact: Financial assistance impacts millions of Californians today through tax credits, safety net programs like CalWORKs or General Assistance, and more recently, guaranteed income pilot programs. One in five Californians live in a household that received the state earned income tax credit (CalEITC), and on average the combined federal and state program lifts over a million people out of poverty each year. Providing more substantial monthly cash payments to more people through tax credits would effectively create a guaranteed income—and help to end poverty for the estimated 6.3 million Californians who experience it today.¹

Background

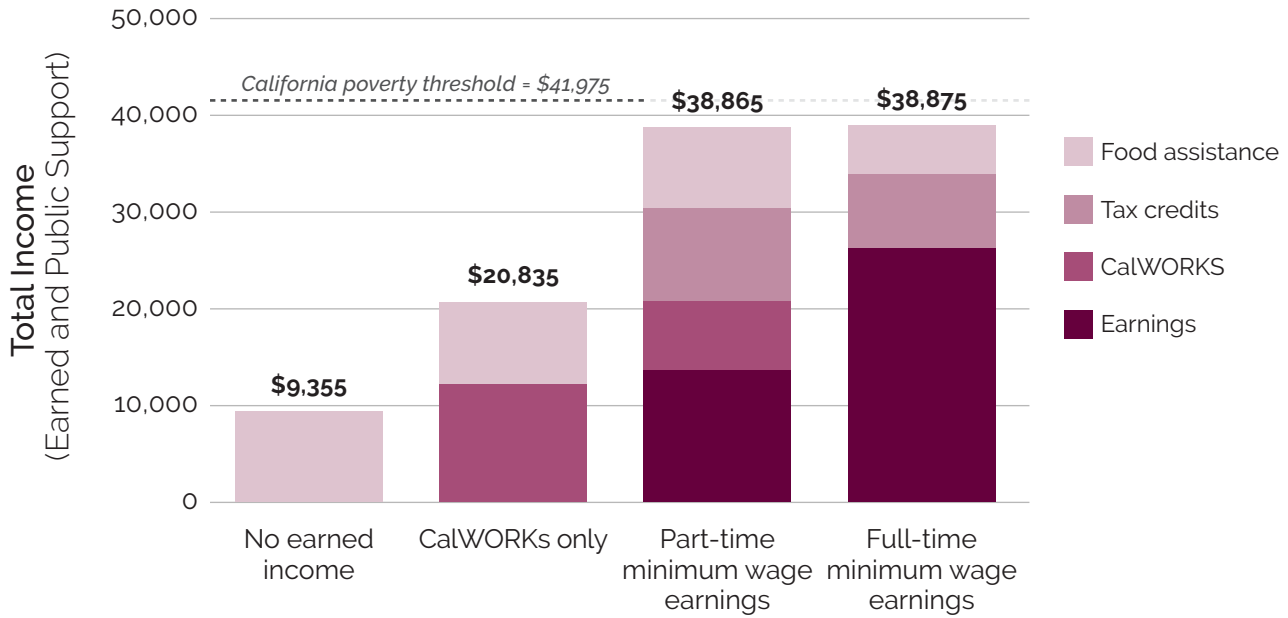
Financial assistance plays an essential role in the safety net today by providing flexible support that people with low incomes can use to meet their needs. Some existing benefit programs include a cash component, like CalWORKs or General Assistance. Refundable federal tax credits like the Child Tax Credit (CTC) or the Earned Income Tax Credit (EITC) are accessed through annual tax filing and provide a significant boost to annual income for low-income workers and families.

The need is stark: ELI households in the Bay Area don't have enough resources to meet their basic needs, including housing. As the following graphs show, even if a single parent is working full-time and receiving all the public benefits for which they're eligible, they still don't have enough resources to be living above the California Poverty Measure threshold; the situation is even more severe for older adults.² **Increasing income in direct yet flexible ways is essential to prevent homelessness and shore up economic security for millions of people in the region.**

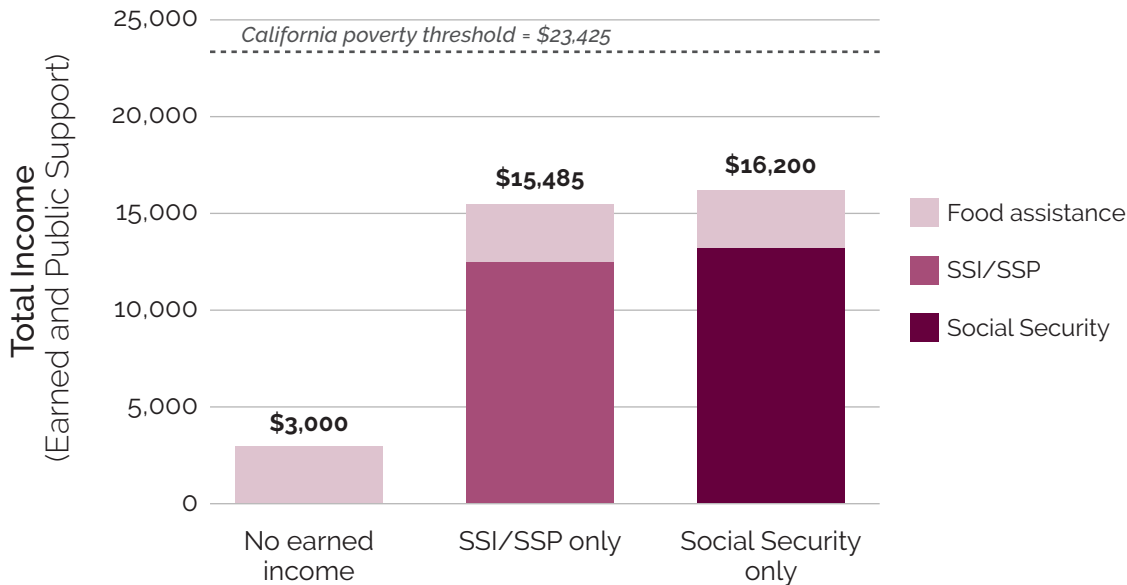
¹ Sarah Bohn et al., Public Policy Institute of California, *Poverty in California*, 2021. Accessed at: <https://www.ppic.org/publication/poverty-in-california/>

² The California Poverty Measure is a more comprehensive index of poverty than conventional metrics like the Federal Poverty Level because it tracks the full range of necessary expenditures, adjusts for geographic differences in housing costs, and includes food stamps and other non-cash benefits as resources. For more information, see <https://stanford.io/3D5JLeA>.

Income Gap for Single-Parent Household with Two Children



Income Gap for Single Adult Over 65



An ELI household may have different resources available to them, depending on household makeup, age, and whether they have earned income from work (and if they are working full- or part-time).

Note: Tax credits include the federal Earned Income Tax Credit and Child Tax Credit as well as the California Earned Income Tax Credit and Young Child Tax Credit. Food Assistance for both household types includes CalFresh, while single parent households also have access to WIC.

Source: Sara Kimberlin, California Budget & Policy Center, *Cost of Living Gaps and Public Supports for Bay Area ELI Households*, forthcoming.

Guaranteed income (GI) is unconditional, usually recurring financial assistance provided by the government to create a minimum income “floor” below which no one can fall. Different from universal basic income (UBI) that intends to reach all people, a guaranteed income targets a specific population and communities most in need, making it an equity-driven program. UBI and GI have increasingly been proposed in recent years as tools to fight inequality and improve the social safety net. Direct cash payments during the COVID-19 pandemic provided crucial short-term emergency assistance.³

This momentum is supported by **a growing body of research that demonstrates the power of direct, unrestricted financial assistance to improve people's lives.** For example, findings from the Stockton Economic Empowerment Pilot showed that the program reduced income volatility, enabled recipients to find full-time employment, and improved their health.⁴ Similarly, the Magnolia Mother's Trust, launched in 2018, saw an increase in recipients' ability to pay bills on time, save for an emergency, and have enough money for food.⁵ The combined impact of the federal and state EITCs lift nearly 1.3 million people in California—including 643,000 children—out of poverty each year. In the Bay Area, evaluation of the Alameda County cash assistance provided to people who applied for Social Security Insurance showed that the additional cash improved housing security of applicants by 80 percent.⁶ Building on this impact and the growing momentum, the state is directing \$35 million to pilot and evaluate guaranteed income programs across California.

Bringing financial assistance to scale would create an income floor below which no Californian would fall, and could reach those who are excluded today — including mixed-status households and undocumented people. It would also directly address the racial income gap between people of color and white people in the Bay Area. **See the full report for more on how systemic racism has impacted who experiences housing and economic insecurity in our region and how the Big Moves would help repair that injustice.**

One of the most promising pathways to bring cash assistance to scale in California is through the tax code. We could leverage the state EITC, Young Child Tax Credit (YCTC), and foster youth tax credit that already provide monetary support to millions of households, targeting resources based on income and household size, and doing so without interfering with other public benefits a household might receive. **Monthly payments can transform tax credits into a guaranteed income,** providing stable, recurring income that households can use for whatever needs are most pressing.

3 Jeremy Rosen, Shriver Center on Poverty Law, *Guaranteed Income: An Economic Support Whose Time Has Come*, June 2021.

4 Stacia West et al., *Stockton Economic Empowerment Demonstration, Preliminary Analysis: SEED's First Year*, 2021.

5 Magnolia Mother's Trust, Springboard to Opportunities, *2020 Evaluation Report*, 2021. Accessed at: <https://springboardto.org/wp-content/uploads/2021/05/MMT-2.0-Evaluation-Two-Page.pdf>

6 California Budget and Policy Center, *The CalEITC and Young Child Tax Credit: Smart Investments to Broaden Economic Security for More Californians*, 2019.

Implementation Steps

To help bring cash assistance to scale, California should provide its tax credits on a monthly basis, which would significantly boost their power in helping people flexibly meet their needs. This change would also lay the groundwork for a future guaranteed income, whether it's proposed as an expansion of existing benefits or something new. Meanwhile, The Regional Impact Council can help accelerate the movement around cash assistance in local, regional, and state-level programs by developing and funding pilots, scaling and extending successful programs, and building public support and political will for sending monthly checks to households in need.

1. **Deliver state tax credits (including the California EITC, the YCTC and others) on a monthly basis.**
2. **Expand the power of cash in existing programs by building political support for cash assistance, expanding existing successful initiatives, and starting new pilots.**

1. Deliver state tax credits (including the California EITC, the YCTC, and others) on a monthly basis.

The Franchise Tax Board (FTB) needs to establish administrative processes and infrastructure to send state tax credits on a monthly basis, as the Internal Revenue Service did for expanded federal Child Tax Credit payments during the pandemic. State elected officials should call on the FTB to implement these changes, or create a pilot program to test the impacts on households. Importantly, filers should be able to opt out from monthly payments if an annual lump sum better meets their needs (particularly for smaller tax credits where monthly payments may not be as impactful for household budgets as a larger annual sum). Administrative advocacy and casemaking will be essential to shift the FTB from disbursing one-time checks into this expanded role.

2. Expand the power of flexible financial assistance in existing programs, by building political support, expanding existing successful initiatives, and starting new pilots.

Making the case for monthly payments, expanded tax credits and, ultimately, a guaranteed income, is a long-term effort. In the meantime, state and local governments can boost the power of the financial assistance already flowing to ELI households in programs like General Assistance, CalWORKs, SSI, and guaranteed income pilot programs. Local cash assistance programs should be reformed to be more accessible and less conditional on work requirements or repayment. Counties should end the practice of providing General Assistance as a loan. Jurisdictions should create new cash assistance programs, which can

provide lifesaving support, and increased housing and economic security for a relatively low cost. Expanding financial assistance and removing restrictions can amplify the power of the existing safety net benefits we have.

Implementation Roles

| Actor | Role | Timeframe |
|---|--|-------------------------|
| State elected officials and staff | <ul style="list-style-type: none"> • Build political support for both increasing credit amounts and providing state tax credits monthly. • Call on or require the Franchise Tax Board to identify the necessary changes in infrastructure. | Medium-term (2-5 years) |
| City and county elected officials and staff | <ul style="list-style-type: none"> • Create local flexible financial assistance programs, either through guaranteed income pilots or partnerships like Alameda County's cash assistance and legal aid program for SSI applicants.⁷ • Reform existing local cash assistance programs, like General Assistance, to make them easier to access and less restrictive. | Short-term (1-2 years) |
| Philanthropy | <ul style="list-style-type: none"> • Partner with community-based organizations to fund guaranteed income pilots, particularly for subpopulations who are not the focus of current pilots or who are excluded from existing safety net benefits.⁸ | Short-term (1-2 years) |
| Researchers & evaluators | <ul style="list-style-type: none"> • Create a regional or statewide database to compile and collect comparable information from all pilot programs. | Medium-term (2-5 years) |
| Everyone | <ul style="list-style-type: none"> • Organize and support efforts to deliver state tax credits monthly, increase their scope and reach, and lay the groundwork for a future guaranteed income. | Medium-term (2-5 years) |

Supporting Actions

Support federal advocacy to clarify that monthly payments of state tax credits wouldn't count as income and reduce a household's other benefits. Currently, federal law exempts *federal* tax refunds paid periodically (such as the monthly CTC payments) from counting as income when calculating other benefit amounts, but does not exempt *state* tax refunds paid periodically. Federal law needs to be changed to provide this explicit authority to California and other states.

⁷ See [ALL Home's list of programs across the Bay Area](#) to partner and apply lessons learned.

⁸ For example, people experiencing homelessness, or undocumented Californians. (See: [Denver](#), [NY homeless youth](#), [Canada](#), [IFRP](#) for other examples).